

KENTUCKY AGRICULTURAL DEVELOPMENT FUND UPDATE

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Cultivating rural prosperity



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4th Annual Meeting in Review

On a cold February day, over 200 people interested in agricultural diversification gathered at the Louisville Marriott East for the 4th Annual Kentucky Agricultural Development Fund Annual Meeting. This year's meeting boasted the largest attendance, since the first Annual Meeting in 2002.

The Annual Meeting provided an opportunity for county council members, program administrators, extension agents, and others involved in the agriculture industry to discover entrepreneurship in agriculture, experience Kentucky Proud products, share ideas with others from across the Commonwealth, and become familiar with new board policies and programs.

Keynote speaker, Jay Poole (former Director of Government & Community Relations for Altria), challenged the audience to lead transforming change in Kentucky. He also charged the audience to "look for those solution no one else is considering. Be willing to think outside the box...because this is the time and place to think about the old things in a new way."

Governor Fletcher served as special guest speaker during the Awards Luncheon, discussing how a Manufacturer's Assessment Fee will benefit the agriculture community.

"I have kept my commitment to the farm community, providing in each of my budgets 50 percent of the Master Settlement Agreement funds," said Governor Fletcher. "But the MSA payments are de-



clining and uncertain, potentially threatening our efforts to diversity agriculture. A Manufacturer's Assessment Fee will add a greater level of certainty to the revenue stream."

After his speech, the Governor and Commissioner Richie Farmer presented awards to 11 individuals or organizations for excellence in service or innovation for 2005. More on the award winners is available on page 2, or see photos of each winner at agpolicy.ky.gov.

Annual Meeting Awards

One highlight of the 2006 KADF Annual Meeting was the Awards Luncheon, which provided an opportunity to recognize County Agricultural Development Council members, county extension agents, and program administrators for their service and contributions in 2005.

The foundation of the cultural change in Kentucky's agriculture community has been the grassroots efforts of the County Agricultural Development Councils. Nominations were solicited from council members and extension agents from across the Commonwealth. One Council Member from each of the seven Extension Districts was chosen as **Council Member of the Year**. [see right insert]

County extension agents have taken on the challenge of leading the County Councils and becoming the liaison between the Council and the state Agricultural Development Board. Bill Peterson, ANR Extension Agent for Mason County, was chosen as **Extension Agent of the Year**. Peterson has been an adviser to the Mason County Agricultural Development Council, since its inception. He has been a supporter of the Buffalo Trace Hay & Produce Auction, as well as the "Computer's for Farmers" training available through Maysville Community College.

The success of the county model programs depends on local organizations volunteering their time and skills administering these programs. The Hart County Cattlemen's Association was selected as the **Outstanding Model Program Administrator**. The Association maintains consistent, timely, and accurate reporting through their bookkeeper, Lawrence

Avery, who accepted the award on the Association's behalf.

The **Innovations in Agriculture Award** recognizes projects that take an entrepreneurial approach to agricultural diversification and increasing net farm income in the Commonwealth. The two projects selected to receive this award were Commonwealth Agri-energy and Shuckman's Fish Co. & Smokery.

Commonwealth Agri-Energy (CAE) is a 100% farmer owned agri-business in Hopkinsville. CAE was the first application to the Agricultural Development Fund, receiving loans and grants to develop and construct a 20 million gallon per year fuel ethanol processing plant in Hopkinsville. CAE broke ground in January 2003 and had their official grand opening in June 2004. This year they will use 8 million bushels of corn to produce 23 million gallons of ethanol; 64,000 tons of distillers dried grains; and 64,000 tons of CO₂.

Lewis Shuckman, owner/operator of Shuckman's Fish Co. & Smokery, has been working with Kentucky aquaculture producers by value-adding their products. Shuckman's Fish Co. & Smokery received a forgivable in September 2002 to expand his aquaculture processing operation. This expansion has allowed Shuckman's to purchase more aquaculture products from Kentucky producers. Lewis sells his smoked Kentucky value-added aquaculture products in specialty gourmet shops, upscale food retailers, and white tablecloth restaurants.

Visit agpolicy.ky.gov/annual_meeting to see more about these winners.



COUNTY COUNCIL MEMBERS OF THE YEAR

District 1

Dennis Perry
Rowan County

District 2

Jim Lacy
Wolfe County

District 3

Rob McClanahan
Pendleton County

District 4

Stewart Hughes
Scott County

District 5

Mike Shull
Grayson County

District 6

Royce Vincent
Edmonson County

District 7

Daryl Templeman
Todd County

*Thank you for your
commitment & service.*

KAFC Frequently Asked Questions

Q: What types of loans are available for individual farmers?

A: Currently there are two programs available: Agricultural Infrastructure Loan Program (AILP) and Linked Deposit Investment Program. AILP loans are limited to on-farm structural improvements. Linked Deposit loans are for any type of agricultural loan through a bank.

Q: Who is eligible for these loans?

A: AILP loans are limited to applicants who receive 20% or more of their gross income from farming. Linked Deposit loans are limited to applicants who receive 50% or more of their gross income from farming, with their total gross earnings not to exceed \$1 million.

Q: How much is available?

A: Approved applicants for AILP loans may receive up to 50% of a project's financing, not to exceed \$100,000. Linked Deposit loans are limited to \$100,000.

Q: I need more pasture land. Is there a loan available for land purchases?

A: Land acquisition is available through the Linked Deposit program; however, loan terms through that program are limited to seven (7) years. Land purchases are not eligible through AILP.

Q: Can I match loan money with the county model cost-share money or the Burley Growers' tobacco structure program money? (AILP)

A: Cost-share money or other program money may be used to pay a portion of the project costs with the remaining funds being borrowed from their local lender with KAFC financing up to 50% of the loan. Cost-share funds may also be used to pay a portion of the loan, but those payments must be shared proportionately between the servicing lender and KAFC.

Q: Do I apply to the bank for the entire amount of the project or just what KAFC will be financing? (AILP)

A: An application should be made to KAFC through the lender before starting the project. If approved by both parties, then the lender will finance the entire project during the construction phase at their normal rate. Once construction is complete, KAFC will transfer loan proceeds up to 50% of the loan to the lender, at which time the borrower receives the new blended rate.

Q: What is the interest rate?

A: AILP loans have a 2% interest rate for up to 10 years for those who have documented tobacco involvement, as evidenced by a Phase II payment stub, enrollment in the "buyout," or a current tobacco marketing contract. For all other AILP applicants, the rate is 4%. The lender will provide their portion of the financing at their normal rate and may add a servicing fee of up to .75% to the KAFC rate. The net cost to the borrower will be a blend of the two rates.

Linked Deposit loans have a fixed interest rate at Wall Street Journal Prime for up to seven (7) years.

Q: What's the deadline for submitting an application?

A: KAFC accepts applications on an on-going basis. AILP applications for review at a given Board meeting must be received 14 calendar days in advance of the scheduled meeting. For example, for an application to be considered at the April 7 meeting of the KAFC Board, the application must be received by close of business March 24.

Linked Deposit loans are approved by the local bank and by KAFC staff; therefore, they do not require review and approval by the KAFC Board.

Q: Are there any new programs coming out?

A: Currently, KAFC is developing a Beginning Farmer Loan Program, which may include a variety of financing options for young farmers just getting started.



Model Program Scoop

GOAP R.A.W.

Make plans to attend one of the 11 Regional Administrator Workshops hosted by the Governor's Office of Agricultural Policy.

GOAP R.A.W. is for all Model Program Administrators, Extension Agents, and County Council Members. These workshops will provide administrators the opportunity to meet with other Model Program Administrators in an interactive learning session.

GOAP is hosting these Regional Workshops to highlight the changes made to the model programs and walk step-by-step through the new reporting requirements. Each meeting will be held at a local extension office and will begin promptly at 7:00 PM local time.

The first two workshops were held in Warren and Hardin Counties for about a total of 30 administrators. Remaining workshop dates and locations are listed to the far right.

For more information or to register for a workshop, please contact Jessica Woolums, Workshop Coordinator, at (502) 564-4627.

A copy of the CD advertised above will be provided to those attending.

CDs Available

Model Program Guidelines & Reports

Want one place to find everything you need for model programs?


Then call (502-564-4627) or e-mail (govkyagpolicy@ky.gov) your request for a 2006 Model Program CD today!

COMPLIANCE UPDATE

Model Program administrators and GOAP's Compliance Department have been working diligently to bring all county programs up to speed with current policies and guidelines. One of the biggest efforts in this task involves closing out older model programs, especially those from 2001-2003.

The chart below shows programs by year, the number still open, and the total county funds invested in model programs.

Year	Total # Programs	# Open	Total Committed
2001	236	9	\$19,451,992
2002	346	29	\$14,104,743
2003	400	73	\$19,154,841

Please call (502) 564-4627, if you need assistance closing programs. 

ATTENTION 2006 FORAGE PROGRAM

ADMINISTRATORS:

Download newly revised (2/2006) Forage Producer Report and Program Reporting Detail forms at <http://agpolicy.ky.gov/>.*

*If you have a 2006 Model Program CD with a serial number of 2006-0008 or higher, then you have the current forms.

GOAP R.A.W. SCHEDULE

Thursday, March 2
Hardin County

Monday, March 6
Pulaski County

Thursday, March 9
Daviess County

Monday, March 13
Magoffin County

Thursday, March 16
Shelby County

Thursday, March 23
Marshall County

Tuesday, March 28
Grant County

Thursday, March 30
Laurel County

Thursday, April 6
Mason County

Thursday, April 20
Fayette County

PROGRAM UPDATES

FORAGE PROGRAM

Alfalfa Additions

Enforcer
Phoenix
SS RR 425
Withstand

Red Clover Addition
Kenway

Ladino Clover Addition
Pinnacle

CATTLE GENETICS PROGRAM

EPD Standards

Carcass Merit
EPDs updated

ADF Meeting in Review

Over \$2.5 million was invested in Kentucky agriculture, during the first two Agricultural Development Board meetings of 2006.

Nine projects were approved for \$1,124,800 in state and \$350,338 in county funds. The scope of these projects ranges from skills training for farmers to construction of a bio-diesel facility. The balance of funds (\$1,111,776 in county funds) went to eleven of the thirteen model cost-share programs in fourteen counties across the Commonwealth.

In addition to approving projects and model programs, then Board reviewed and discussed a variety of issues during their meetings.

During the January meeting, the Board received an update from Daniel Green, Burley Tobacco Growers Cooperative Association, on the Associa-

tion's tobacco infrastructure cost-share program, which had \$3.9 million available, and had received applications requesting a total of \$7.0 million.

The Board also heard from Dr. Jerry Skees, UK Agricultural Economics, on crop insurance options for Kentucky's vegetable industry. They also received a review of the West Kentucky Growers Cooperative financial report from Larry Snell, KY Center for Agricultural & Rural Development.

In February, the Board convened at the Kentucky Fair & Exposition Center, during the National Farm Machinery Show in Louisville. They reviewed and discussed issues facing West Kentucky Growers Cooperative and Kentucky West Nursery.

For more information on approved projects or model cost-share programs, visit <http://agpolicy.ky.gov/> or call 502-564-4627.

Phase II Update

In June 2005, Kentucky sent out over 164,000 checks to certified recipients of the Phase II Tobacco Settlement program. As of February 2006, there remain over 2,100 checks that did not reach their intended recipients. The reasons for the undeliverable checks include:

- No forwarding address left
- Expired forwarding address
- The recipient is deceased
- Recipient not known
- PO Box was closed

In an effort to locate the rightful recipients, a comprehensive list of undeliverable checks is available at http://tobaccotrust.ky.gov/phase_ii/. The list is sorted by the last name within the county in which the farm was registered.

If you locate your name as a certified recipient, then contact our call center **toll-free at 1-877-549-2537**. You will be asked to verify some personal information, and then to provide a correct mailing address. Hurry, because checks expire 6/20/2006.

2006 Annual Meeting Highlights



Exhibitor: Linda Baird of Little Kentucky Smokehouse, LLC.



Award: Commonwealth Agri-Energy receives Innovations in Agriculture



Exhibitors: Belinda Faye & Carla McDowell of McDowell Farm Salsa



Award: Dennis Perry receives Council Member of the Year (Dist-1).



Board members Rodney Dick and John Cleaver sit on ADB Q&A panel.

Legislative Oversight

Since the inception of the Fund in January 2001, the Agricultural Development Board has approved over 2,322 proposals, committing over \$196 million in an array of county, regional, and state-wide projects, designed to increase net farm income and create sustainable new farm-based business enterprises.

As part of the legislation creating the Agricultural Development Fund, the Tobacco Settlement Agreement Fund Oversight Committee was created, as a twelve member committee, to review the investments and programs of all agencies receiving funding through MSA proceeds.

The Tobacco Settlement Agreement Fund Oversight Committee meets the second Tuesday of each month to review the projects and programs approved at the prior month's Agricultural Development Board meeting. They also receive periodic updates from the other agencies that administer programs funded with MSA proceeds.

Additional information and meeting minutes may be obtained on-line at the committee's webpage (see link below).

(<http://www.lrc.ky.gov/Statcomm/settleme/homepage.htm>)

Competitive Awards

Farmers' Market Competitive Awards Program applications are being accepted through April 1 for the first round of 2006 funding.

For 2006, \$2 million is available for farmers' market investments, according to the following breakdown:

- community markets (\$1,300,000),
- regional markets (\$500,000),
- feasibility studies (\$200,000).

TOBACCO SETTLEMENT COMMITTEE MEMBERS

House:

Adrian Arnold, D-74

Carolyn Belcher*, D-72

James Comer, R-53

Charlie Hoffman, D-62

Tom McKee, D-78

Tommy Turner, R-85

Senate:

Charlie Borders, R-18

David Boswell, D-8

Dan Kelly, R-14

Vernie McGaha*, R-15

Joey Pendleton, D-3

Richie Sanders, R-9

*Committee Co-chair



GOAP WEBSITE UPDATES

County Account Availability (2/23/2006) posted:

<http://agpolicy.ky.gov/funds/availability.shtml>

Educational Events & Festivals Calendar:

<http://agpolicy.ky.gov/kcade/education.shtml>

GOAP Calendar:

<http://agpolicy.ky.gov/calendar.shtml>

Model Program Reports:

http://agpolicy.ky.gov/funds/program_reporting.shtml

agpolicy.ky.gov

FUTURE MEETINGS

KY Agricultural Finance Corporation
Friday, Mar. 3
Frankfort

Tobacco Settlement Oversight Committee
Tuesday, Mar. 14
Frankfort

KADF Board Meeting
Friday, Mar. 17
Alltech
Nicholasville

**Meeting locations & times subject to change **

All projects require a 50% match by the applicant and the submission of the KADF Non-model Project Application. Community and Regional Market projects require county fund commitments.

Detailed guidelines and applications are available on-line at agpolicy.ky.gov. If you have any questions about this program, then please feel free to contact our office at 502-564-4627.